



Internal Audit Report

CDC Treasury Management

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Report Issued

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Distribution:

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1 Background

- 1.1 This audit is being undertaken as part of the 2014/15 audit plan. As agreed with the Strategic Manager – Finance, this is an interim audit to focus on the control weakness identified in the 2013/14 audit and the actions taken by the service to address those weaknesses.
- 1.2 The Treasury Management function was awarded a partial level of assurance in the 2013/14 audit with 5 recommendations being made. The next section of the report sets out the recommendations and the audit findings on the actions taken by management to implement them
- 1.3 Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisations operations. It helps an organisation accomplish its objectives by bringing a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes

2 Audit details

2.1 The following testing was undertaken:

KCO	Recommendation	Original Implementation Date	Actual Date	Findings	Conclusion
To ensure that there is documentary evidence to support transactions	The Treasury Management Strategy should be reviewed to ensure that it reflects the current working practices. Currently the strategy states that the lowest available credit rating will be used to determine credit quality, however in practice the Fitch rating is used as the benchmark.	November 2014	February 2015	<p>The Treasury Management Strategy for the year 2014/15 states that the lowest rating from Fitch, Moody's and Standard and Poor's should be used; current practice is to review the Fitch rating only, therefore currently practice and policy are not in alignment.</p> <p>The Treasury Management Strategy for 2015/16 has been updated to prescribe that only the Fitch rating is required to be reviewed when considering investments. Providing that working practices remain unchanged this should provide for the control being met in the next financial year. Despite actions being taken to implement the recommendation, timeframes involved have meant that it has not come into effect before the conclusion of this audit.</p>	<p>Actions taken. To come into effect 2015/16 and therefore to be tested in the next audit.</p>

<p>To ensure that the organisation's financial position is assessed; lending and borrowing records are complete and correct; surplus funds are invested; and deficit balances are chased promptly.</p>	<p>The Finance Officer should provide refresher training to either the Senior Accountant or the CIPFA Trainee Accountant for the ICD portal to ensure money market fund investments can be placed and redeemed in the event of an unplanned absence.</p>	<p>September 2014</p>	<p>May 2014</p>	<p>Training on the ICD portal attended by the Senior Accountant and the CIPFA Trainee</p>	<p>Met</p>
<p>To ensure that borrowing is correctly authorised and repaid on time.</p>	<p>Approval for loans should be formally documented in writing, in order to evidence compliance with the Financial Procedure Rules and Treasury Management Practices</p>	<p>November 2014</p>	<p>December 2014</p>	<p>New loan detail sheets put in place which captures all details including authorisation. No new loans (long or short term) have been taken out in 2014/15 so control not tested.</p>	<p>Met – control to be tested in 2015/16</p>
<p>To ensure that lending and borrowing transactions are legitimate and appropriate.</p>	<p>An up-to-date listing of staff authorised to make deals on behalf of the Council should be created and sent to all brokers and approved counterparties. The listing should be sent by the Corporate Head (Financial Management). Procedures should be put in place to ensure that the listing is updated when relevant staff join or leave the organisation.</p>	<p>August 2014</p>	<p>September 2014</p>	<p>New up to date listings have now been sent. Revised list sent following staff changes. Note: Lists sent by the Finance Officer on approval of the then Finance Manager (Deputy S151 Officer)</p>	<p>Partly</p>

Any queries or requests for further information regarding this report should be directed to Internal Audit on 01423 556714
Internal Audit would like to thank the officers involved for their assistance during this audit.